

# NON-COMPETES BANNED IN WASHINGTON: EVERYTHING YOU NEED TO KNOW ABOUT THE NEW LAW + HOW TO PREPARE

Insights  
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## Non-Competes Banned in Washington: Everything You Need to Know About the New Law + How to Prepare

Employers in Washington State will no longer be able to utilize non-compete agreements in the workplace following a new law just signed by Governor Ferguson on March 23. The law broadly prohibits the use of non-compete agreements between businesses and workers starting in June 2027 and requires employers to issue special notices by October 2027. This Insight will cover everything you should know about the new law and how to get in compliance before next year's deadlines.

### What's Changed

Washington's [existing law](#) prohibits non-competes except for higher paid workers meeting a minimum annual salary set by law. Current law also imposes nearly automatic damages payable to employees for offending agreements, among other remedies. [House Bill 1155](#), which takes effect in June 2027, keeps the remedies but bans non-competes entirely, with only limited exceptions, as set out below. Lawmakers who supported the bill said non-competes have a negative impact on innovation, entrepreneurship, wages, and job mobility, and they felt the state's existing regulatory scheme did not go far enough.

### Understanding the New Law

## Related People



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Starting on June 30, 2027, essentially all existing non-compete agreements in the state will be null and void for all Washington-based workers, including independent contractors. An exception will continue to exist for agreements made in connection with the sale of a business, so long as the person signing the non-compete purchases, sells, acquires, or disposes of an ownership interest representing one percent or more of the business.

Employers must also meet an October 1, 2027, deadline to provide written notice to current and former employees and independent contractors who still have active non-competes. They must be informed that these agreements are no longer enforceable.

Employers face a steep monetary risk for noncompliance. The law retains a private right of action – the right to sue – and any person “aggrieved” by a violation may receive the greater of their actual damages or statutory damages of \$5,000, plus reasonable attorneys’ fees, expenses, and costs. A violation now explicitly includes even just attempting to enter into a banned non-compete with a worker.

### **What Agreements Are No Longer Permitted?**

The law defines a “non-competition covenant” as any written or oral agreement “that prohibits or restrains an employee or independent contractor from engaging in a lawful profession, trade, or business of any kind.”

This expanded definition also covers a covenant, agreement, or contract:

- that directly or indirectly prohibits the acceptance or transaction of business with a customer; or
- that threatens, demands, requires, or otherwise effectuates that an individual return, repay, or forfeit any right, benefit, or compensation, as a consequence of the individual engaging in a lawful profession, trade, or business of any kind.

The statute’s broad definition therefore includes customer non-servicing provisions and forfeiture-for-competition provisions, even though such provisions are not treated as harshly as true non-competes in other states.

### **Types of Agreements Still Permitted**

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The new law also clarifies that non-solicitation, confidentiality, and certain training repayment pacts are allowed, with some limitations.

For example, employers can require staff to repay the costs of educational expenses so long as the agreement is limited to an 18-month period, limits repayment to the pro-rata portion of the remaining 18-month period and releases the employee from the agreement if the employee leaves the job for "good cause."

The new law alters the definition of acceptable "non-solicitation agreements," but expressly adds these must be "narrowly construed." These are:

- **Existing employees.** "Non-solicitation agreements, which prohibit an employee from actively soliciting current customers or employees away from the employer, are not prohibited."
- **Post-employment.** A post-employment "non-solicitation agreement" still means "an agreement between an employer and employee that prohibits solicitation by an employee, upon termination of employment" of any current employee to leave the employer. For customers, a "non-solicitation agreement" now includes both current or prospective customers, patients, or clients of the employer to shift business away from the employer, if "the employee established or substantially developed a direct relationship with the customer, patient, client, or prospect through the employee's work for the employer and the prohibition expires no later than 18 months following termination of employment."

In one way, this is slightly more enforcement-friendly than current law, which does not list "prospects" in the non-solicitation agreement definition. But it also adds new "material contact" type restrictions and the 18-month cap.

Finally, the new law confirms that an agreement that directly or indirectly prohibits the acceptance or transaction of business with a customer, patient, or client is a banned non-compete provision, rather than a permitted "non-solicitation agreement."

## What You Can Do to Prepare

Employers with Washington-based employees or contractors should consider taking these steps now to ensure compliance with the non-compete ban before June 2027:

## **1. Review All Restrictive Covenant Agreements**

Since the law applies retroactively, you'll want to audit all employment agreements, offer letters, policies, and standalone restrictive covenant documents. Specifically identify any non-compete or non-solicitation clauses. Determine who will need to be sent notice that their non-compete is void. Determine whether non-solicitation and other agreements need to be updated for compliance.

## **2. Work with Legal Counsel**

Your FP attorney can help you create updated agreements and notice letters, as well as a plan for rolling them out. Ensure you are prepared to provide notice by October 1, 2027, to any individuals under active agreements that they will no longer be enforceable.

## **3. Update Policies and Train Managers**

Update internal policies and agreement templates to ensure they comply with the new law. Be sure your HR department, hiring managers, and executives are aware of new requirements and know how to comply.

## **4. Prevent Unlawful Enforcement Actions**

The law explicitly bars employers from threatening to enforce, attempting to, or enforcing a prohibited non-compete, with monetary damages. Again, it's a good idea to reach out to your attorney to ensure compliance considering the changing legal landscape.

## **Conclusion**

We will continue to monitor developments in this space throughout 2026, so make sure you are subscribed to [Fisher Phillips' Insight System](#) to get the most up-to-date information. If you have questions, please contact your Fisher Phillips attorney, the authors of this Insight, any attorney in our [Seattle office](#), or a member of our [Employee Defection and Trade Secrets Practice Group](#).